



Doing Business In Belarus: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Belarus

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Market Overview

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According to the Government of Belarus, 2005 was generally successful for the country's economy. GDP grew 9.2%, industrial output rose 10.4% and agricultural output was up 2.1%. Belarus' inflation (8%) set a record low in 2005. The country managed to reach a foreign trade surplus for the first time. The 2005 state budget deficit was 150 billion Belarusian rubles (BR) or 0.2% of GDP. Belarus' international reserves grew by 68.3 percent year-on-year to \$1,296.5 million in 2005. Foreign currency exchange reserves totaled \$1,105.6 million and gold reserves amounted to \$190 million. The Belarusian ruble strengthened against major foreign currencies in 2005. The US dollar depreciated by 0.83 percent against the ruble to BR 2,152 at the Belarusian Currency and Stock Exchange (BCSE). From January to November the real money income of the population rose 16.1%, making the average salary throughout the country approximately \$250 by the end of the year.

At the same time, Belarus failed to ensure the financial stability of many companies, did not hit crop agricultural targets and saw exports to Russia fall by 11.9%. Belarus' foreign debt increased 5.8 percent to \$783.8 million in 2005. According to official statistics, as of January 1, 2006, only 1.5% of Belarus' workforce was unemployed. However, the government does not allow many large industries to make cutbacks of their staff so, according to some independent economic analysts, up to 6% of Belarusians were unemployed.

Belarus foreign trade in 2005

	Exports		Imports	
	Jan-Jun 2005 \$ millions	Jan-Jun 2005 on Jan-Jun 2004 %	Jan-Jun 2005 \$ millions	Jan-Jun 2005 on Jan-Jun 2004 %
Total	7381,7	119,6	7087,3	101,7
Russia	2656,4	91,3	4289,3	90,9
Netherlands	1052,0	в 3,3p.	66,1	129,0
United Kingdom	500,6	83,3	68,2	134,7
Poland	419,6	138,7	257,9	124,4
Ukraine	403,8	177,7	383,0	159,7

	Exports		Imports	
	Jan-Jun 2005 \$ millions	Jan-Jun 2005 on Jan-Jun 2004 %	Jan-Jun 2005 \$ millions	Jan-Jun 2005 on Jan-Jun 2004 %
Germany	327,9	138,8	431,1	100,2
China	208,1	135,0	112,8	202,2
Lithuania	155,7	134,2	57,5	62,5
Latvia	148,6	95,7	43,1	101,6
France	141,9	в 3,8p.	81,0	122,2
USA	104,8	149,1	96,8	137,2
Sweden	101,9	160,7	30,4	55,0
Italy	75,7	99,6	165,5	129,9
Hungary	75,2	118,9	32,3	152,4
Brazil	73,5	104,6	87,5	133,7

Belarus' major foreign trade partners in the period Jan-Jun 2005 were Russia – 48%, Netherlands – 7,7%, Ukraine – 5,4%, Germany – 5,2%, Poland – 4,7%, United Kingdom – 3,9%, China – 2,2%, Italy – 1,7%, France and Lithuania – по 1,5%, Latvia – 1,3%.

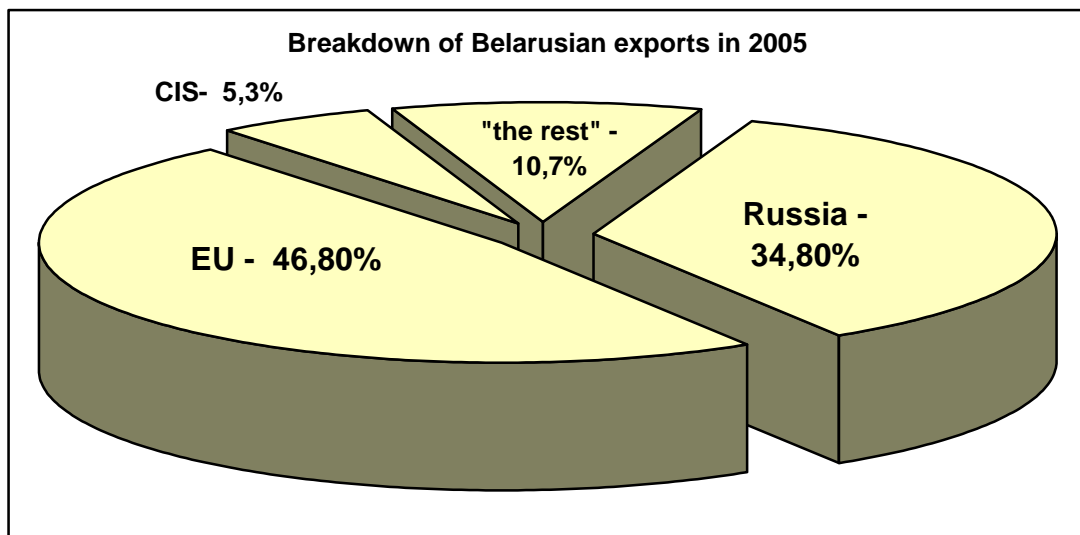
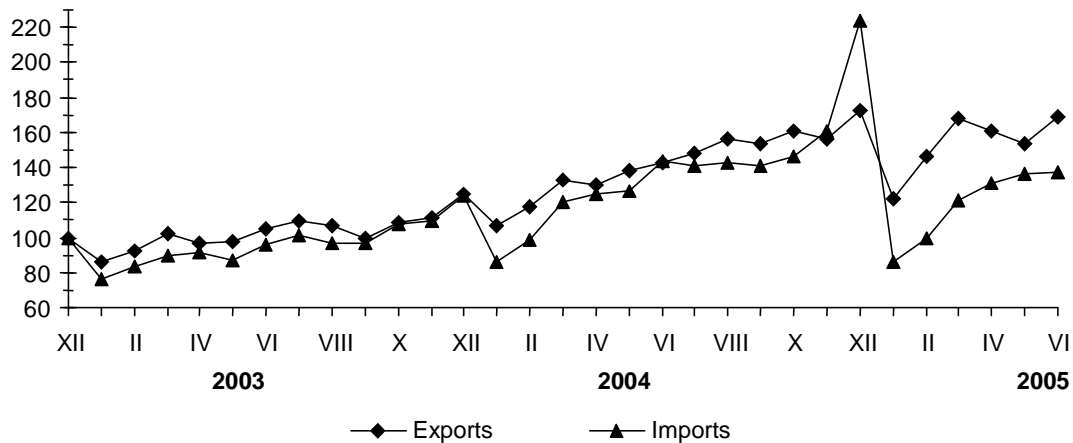
Belarus' foreign trade was characterized by a decline in the volume of exports and imports, by 1.4% and 0.7% on the year in January-November, 2005 respectively. Nevertheless, in monetary terms exports rose 16.3% to \$14.4 billion, and imports increased 4.4% to \$14.888 billion owing to the rise in export and import prices. The deficit of commodity trade reached \$486.7 million while the surplus of service trade was \$780.7 million. Belarus' general trade surplus thus reached \$294 million, while there was a deficit of \$1.1 billion in the same period of 2004.

The government attributes this success to the following factors:

- The fall in Belarus trade deficit with Russia (around \$800 million).
- In December 2004, prior to the introduction of the new VAT collection scheme Belarusian companies boosted imports from Russia, which resulted in a production growth and reduction in imports in early 2005.
- Rise in oil product and potassium fertilizer prices. Exports of oil products rose by \$1.273 billion in monetary terms in January-November 2005. Exports of potassium fertilizers grew by \$235.2 million.
- Increased import duties on trucks, buses, polyester threads, watches, poultry meat, footwear, socks and tights to cut imports of these goods and protect Belarusian producers. Imports of these goods declined by \$100 million in January-November 2005.

Belarus' exports and imports

% on December 2002

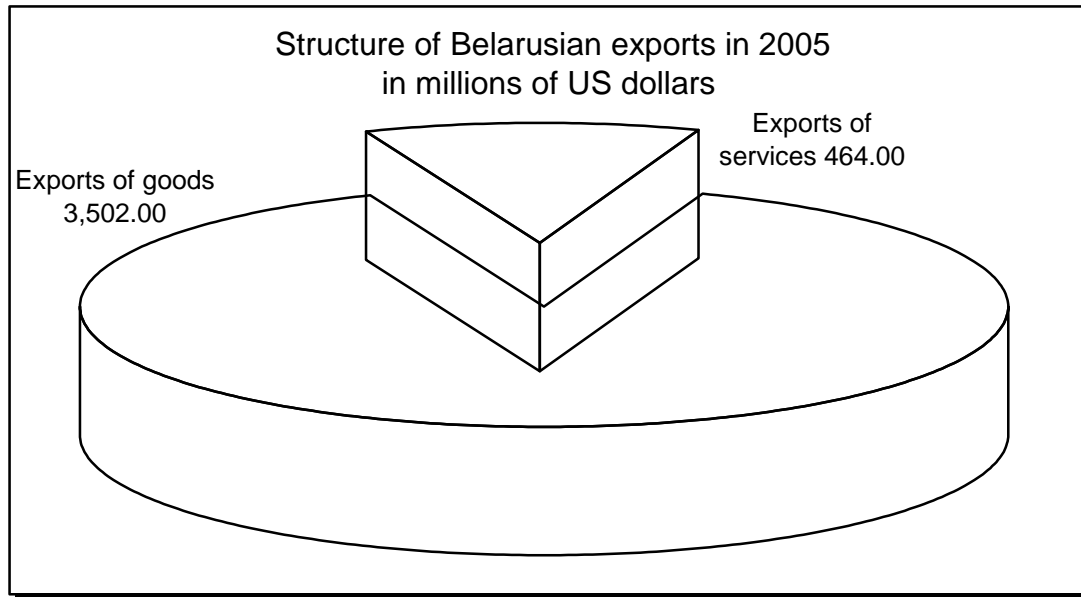


The decline in Belarus' exports to Russia (11.9%) in 2005 is generally attributed to:

- The uncompetitive prices of Belarusian producers, who are forced out from the Russian market by Southeast Asian competitors;
- Rise in prices for raw materials that are traditionally imported from Russia;
- Russian domestic production, which replaced some traditional imports from Belarus;
- New VAT collection procedure in Russia-Belarus trade was introduced on January 1, 2005. Before that date importers paid VAT in their home countries. Transfer to VAT collection in destination countries took time and slowed mutual trade. Nevertheless, in late December 2005, the Economy Ministry reported that the national budget had received an extra \$400 million. Meanwhile, a number of smaller companies were forced out of this bilateral trade because of excessive delays in tax refunds and over bureaucratization;
- Stronger Belarusian ruble against the Russian ruble, the Euro and the U.S. dollar.

Belarusian-Russian trade reportedly totaled \$14.2 billion in the first 11 months of 2005 after it reached a record high of \$17.6 billion in 2004. Belarus' imports exceeded exports by nearly \$4 billion.

The Government of Belarus drafted a 2006-2010 import substitution program to reduce the country's dependency on imports. However, independent economists often criticize the government for excessive subsidies, especially to agriculture, as final products are too costly for the economy. For example, professor Leonid Zlotnikov claims the government spends up to 4.1 percent of GDP on support of agricultural producers who account for just 0.5 percent of GDP.



Belarus Trade with the U.S. in 2005

Only 1.4% of Belarusian exports go to the U.S. Still, this is approximately a 49% increase on previous years. American goods and services were 1.35% of Belarusian imports – a 37% increase.

What prevents Belarusian exports from growing faster?

- Limited competitive edge of Belarusian-made goods and services;
- EU imposed limits on some Belarusian exports (e.g. textiles);
- Belarusian banks are not sufficiently strong to credit export operations;
- Belarus' non-membership in WTO;
- Low presence of high-tech Western businesses in Belarus' economy;
- Lack of investment and modernization;
- Excessive focus on import substitution and consequent redistribution of funding.

Market Challenges

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Major challenges for doing business in Belarus include:

- The government's overly high ownership in major sectors of the economy;
- Excessive red-tape;
- Contradictory and inconsistent business legislation;

discrimination against private business. A few sectors of the economy are not completely open to competition. State-owned businesses often enjoy benefits that are denied to the private sector;

- Some realities peculiar to Belarus. Government often approaches businesses with persistent requests to donate money for some large construction projects (e.g. National library and the harvest). Also, the president of Belarus strongly advised that profitable businesses buy and run loss-making agricultural farms that are virtually owned by the state, thereby transferring the cost of their operation to successful enterprises..

Market Opportunities

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The most promising sectors of Belarus' economy are oil refining, chemical industry (chemical fibers, fertilizers) telecommunications, information technology, construction and metallurgy.

The website of the Ministry of Foreign Affairs lists major economic projects that need foreign investment. In the first place, the government welcomes such investment in machine building; crude oil refining and related productions; chemical industry; processing of agricultural produce; woodworking; pulp and paper industry; domestic tourism. However, the government will generally not give up majority ownership in these companies in exchange for investment.

Market Entry Strategy

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Independent economic observers in Belarus believe that the best market entry strategy is to find a potential local partner with good knowledge of the local market. The type of partnership – distributorship/dealership, representation office, joint venture or anything else – is really up to a foreign business and depends on its plans in Belarus. Culturally, it seems to be important to have good working relations with government officials and key industry players.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please use the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5371.htm>

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Using an Agent or Distributor

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Distributorship is widely developed in Belarus. Distributors usually have an umbrella agreement with brand-name suppliers. Distributors receive their products and pay for them as they are sold to retailers. Many world brand-names companies have their distributors in Belarus. The U.S. Embassy has never heard of any other than the usual difficulties/obstacles with distributorships in Belarus.

Establishing an Office

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The establishment of a representative office of a foreign firm is supervised by Belarus' Foreign Ministry. Such an office is not a legal entity and does not have the right to perform independent economic activities in the country.

A foreign business applies to the Foreign Ministry for permission to establish its representative office in Belarus and submits the following documents:

- Application, which states rep office's purpose, business's full name, the date of its establishment, description of its operations, info on its authorized agent(s) in Belarus;
- Copies of the founding documents legalized as required by applicable law;
- Copy of the document confirming the applicant company's registration in its home country (extract from the trade register, registration certificate, etc.) legalized as required by applicable law;

- Power of attorney issued to the head of the representative office legalized as required by applicable law;
- Letter of reference from the bank serving the organization;
- Copy of the special permission from the government of the applicant's home country, when required by the legislation of the applicant's country;
- Regulations of the representative office which include the purpose(s) of the representative office in the territory of the Republic of Belarus, address, corporate structure, authority of the head of the representative office, representative office closedown procedure;
- Properly legalized power of attorney issued to the person authorized to perform actions related to the opening of the representative office.

The above documents submitted in one of the official languages of the Republic of Belarus (Russian and Belarusian). Translated documents should be notarized at diplomatic or consular agencies of the Republic of Belarus abroad.

The establishment of a representative office provides for payment of \$2000 duty to the national budget for three-year term. The prolongation of the term costs 1000 USD.

Franchising

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The concept of franchising exists in Belarus. While the legal basis for franchising is in place, it is not widely used.

Direct Marketing

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Direct marketing is regarded by the government as one of the variants of retailing and is governed by the same law. Businesses wishing to do direct marketing should apply to Belarus' Trade Ministry for a license. Direct marketing is widely practiced in Belarus, especially in cosmetics, vitamins and some other areas. It is often conducted in violation of the law though, since receipts are seldom issued.

Joint Ventures/Licensing

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The establishment of a business with foreign investment may take place through its incorporation, or acquisition by a foreign investor of an interest (shares) in an existing legal entity that did not previously have foreign investment, or through the acquisition of an enterprise's assets in whole or in part.

Businesses with foreign investment, except for insurance companies, banks and businesses in free economic zones, are registered by regional governments and the Minsk City government. Banks and non-banking credit and financial organizations with foreign investment are registered by the National Bank. The Finance Ministry registers insurance businesses with foreign investment. Businesses, including businesses with foreign investment, non-commercial organizations, private entrepreneurs in free

economic zones, except for banks, non-banking credit and financial organizations and insurance businesses are registered by the administration of free economic zones.

The list of application papers includes

- an application letter signed by all founders;
- two notarized originals or copies of the constituent documents;
- for founders - legal entities of the Republic of Belarus – a notarized copy of the decision of the property owner to establish a joint venture or a copy of the respective decision of the body authorized by the owner, as well as notarized copies of documents confirming the state registration and notarized copies of foundation documents (for each Belarusian legal entity);
- for founding parties which are foreign legal entities (organizations) – a legalized extract from the trade register of the country of origin or other equivalent proof of the legal status of the foreign investor in accordance with the legislation of the country of incorporation or residence at the date of establishment of the commercial joint organization (the extract must be dated not later than one year prior to the submission of the registration application), with a translation into the Belarusian/Russian language (the translator's signature must be notarized);
- for founding parties which are citizens of foreign states – a copy of the passport with a translation into the Belarusian/Russian language (the translator's signature must be notarized);
- documents confirming the formation of the charter capital (for commercial joint organizations established in the form of open joint stock companies);
- a letter of guarantee or other document confirming the right of the commercial joint organization to reside at its place of location;
- a document confirming the payment of the state registration fee.

State registration of businesses with foreign investment is normally completed within 15 days from the date of submission of appropriate application papers. Denials to register commercial organizations with foreign investment may be issued if an applicant does not follow all registration proceedings, or if the application and other relevant papers do not meet the requirements established by Belarusian law. It is not allowed under the law to deny registration to a business with foreign investment on the grounds of inexpediency of its existence. Denials can be appealed in court.

At least 50% of the charter fund announced in the constituent documents of a business with foreign investments (except for joint-stock companies) must be established within one year from the date of registration. The remaining balance must be settled within a period of two years following registration. The Government may extend the period for the formation of the charter fund of businesses with foreign investment. The charter fund announced in the constituent documents of a commercial organization with foreign investment in the form of an open joint stock company shall be established in full prior to the registration of such organization.

Once the commercial organization with foreign investment has presented the documentary proof of share capital formation, the registration authority shall issue a certificate of share capital formation within 10 days of the receipt of the said documentary proof.

Selling to the Government

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Government solicits tender bids when it buys goods and services for public needs. Foreign businesses are officially welcome to participate, although local bidders are usually given a strong preference.

Distribution and Sales Channels

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The most common distribution network in Belarus includes the establishment of a representative office and/or finding a distributor(s) who normally does advertising, warranty, technical servicing, troubleshooting, storage, pricing, etc.. Then, distributor finds dealers, who wholesale products to retailers.

Selling Factors/Techniques

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Common practice for selling in Belarus in the first place includes researching the market, followed by establishing a distribution network, calculating prices and making sure goods are high quality, have a good image and are in ample supply.

Electronic Commerce

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Electronic commerce is still not very common. Under Belarusian law, it is considered a variant of a regular retail trade. Businesses wishing to start electronic commerce have to secure a license from the Trade Ministry. E-shops do not accept payment cards. A courier brings ordered goods and collects cash payment.

Trade Promotion and Advertising

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Trade promotion and advertising are known well in Belarus and mechanisms employed are similar to those existing in Russia and other neighboring countries. It includes all kinds of trade promotion activities, establishment of customer support and service centers, etc. However, given Belarus' business climate, in particular the low share of private business and competition, advertising and trade promotion instruments are still in their infancy. As of 2003 Belarusian advertising market was estimated at \$16 million.

Newspapers

7 Days Weekly information newspaper

<http://7days.press.net.by/>

BDG Delovaya Gazeta (Business Newspaper)

www.bdg.by

Belorusskaya Gazeta (Belarusian Newspaper)

www.belgazeta.by

Belorusy i Rynok (Belarusians and the Market)

www.belmarket.by

Komsomolskaya Pravda v Belarusi (Komsomol Pravda in Belarus)

www.minsk.kp.ru

Narodnaya Gazeta (Public Newspaper)

www.ng-daily.com

Narodnaya Volya (People's Will)

Nv.promedia.by

Natsionalnaya Ekonomicheskaya Gazeta (National Economic Newspaper)

www.neg.by

Respublika (Republic)

www.respublika.info

Sovietskaya Belarussia (Soviet Belarus)

www.sb.by

The Belarus Today

www.belarustoday.info

Vecherny Minsk (Evening Minsk)

www.newsvm.com

Specialized press:

Autogazeta (Autonewspaper)

www.autogazeta.com

Belaruskaya Lesnaya Gazeta (Belarusian Forest Newspaper)

www.lesgazeta.info

Belaruskaya Stroitel'naya Gazeta (Belarusian Construction Newspaper)

<http://cnb.nsys.by/>

Gastronom

om.by www.gastron

Kompyuterniye Vesti (Computer News)

www.kv.by

Rabota dlya Vas (Job for You)

www.rdw.by

Magazines

Bank Vestnik (Bank News) Informative and analytical magazine of the National Bank of Belarus.

www.nbrb.by/bv/

Jurist (Lawyer) Specialized magazine for economic layers.

www.jurist.by

Informatika (Informatics) informatics, the latest results of fundamental and applied science Issue and problems of info researches, developed and integrated scientific technological innovations, Russian and Belarusian projects in the field of informatics, conference report etc.

www.uiip.bas-net.by/magazine/

Elektronika (Electronics)

The latest innovation in the field of electronic, microelectronic, electrical engineering, opto-fiber technologies, electronics, power engineering, communications etc.

<http://electronica.nsys.by/>

"Delo Vostok + Zapad" (Business: East + West) Business to Business magazine.

www.delobelarus.com

Director - magazine for top managers

www.economy-law.com

Beloruski Ekonomicheskiy Journal (Belarusian Economic Magazine)

www.bem.bseu.by

Glavni Bugalter (Main Bookkeeper)

www.gb.by

Radio

alpharadio - radio for business people

www.alpharadio.com.by

ROCKS – Belarus

www.roks.com

Unistar

star.by www.uni

Television

TV company - official site BelTeleRadioCompany

www.tvr.by

National Television

www.ont.by

Capital Television

www.belros.info/ctv

OTHER BUSINESS RESOURCES

Business Belarus - Information Directory

www.b2b.by

Infoline 085 - Phone directory

www.085.by

A-Zimut - professional directory of IT companies

www.azimut.by

IT in Belarus

www.it-belarus.net

Belarusian Export

www.export.by

Council of Entrepreneurship Development in the Republic of Belarus

www.sovpr.org

National Internet portal of judicial information of the Republic of Belarus

www.pravo.by

National centre for judicial information of the Republic of Belarus

<http://ncpi.gov.by/>

BELEXPO – Exhibitions

www.belexpo.by

MINSKEXPO - Exhibiting company

www.minskexpo.com.by

International exhibitions in the Republic of Belarus

www.tc.by

Regular price structure for any product sold in Belarus includes self-cost, 18% VAT, 200-300% excise for some groups of products, 36% social insurance, 24% profit tax, extraordinary, road and agricultural taxes. There are also some minor duties that are paid in local budgets.

The government subsidizes domestic producers of staple food products (milk, bread and some others) and controls prices for some categories of goods. There are no price limitations for imported goods. The importer/distributor of goods can set the mark-up at their own discretion. All other intermediaries/wholesalers cannot mark-up goods more than 20%.

Sales Service/Customer Support

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Customer support is provided only occasionally in Belarus, and the quality is not always good.

Protecting Your Intellectual Property

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Belarus has established a credible legal framework to secure intellectual property rights. Nevertheless, independent observers claim the enforcement of such rights is often not adequate. See more info in Chapter 6.

Due Diligence

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Belarus has plenty of auditing firms, including transnational ones - Deloitte and Touche, and Ernst and Young. Their activities are governed by the law on auditing.

Local Professional Services

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Belarus has a number of engineering and consulting firms that provide application, infrastructure and other services. For more information see web resources below.

Web Resources

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Consulting firm SATIO

www.satio.by

Consulting, audit, marketing, judicial and similar services Aksioma
Training programs for top managers, consulting projects.

www.axioma.by

Belorgconsult - consulting company. The company site features information about main

projects, clients and services.

www.consulting.by

Deloitte is the biggest audit and consulting company in Belarus. It provides services in audit, consulting, corporate finances, taxation, jurisprudence and corporate management.

www.deloitte.com

KO recruiting agency. KO is the company operating in personnel recruiting only. Job opportunities for qualified specialists.

www.konet.ru

National Centre for Marketing and Price Study of the Ministry of Foreign Affairs of the Republic of Belarus

www.icetrade.by

Project Financing Provides assistance in own finances and credit management in the course of investment projects.

<http://finance.iatp.by/>

Register: information and judicial agency.

Register provides: internet-based information system on Law and provides judicial consultations.

www.iparegistr.com

Uniter Group

Facilitating entry to the Belarusian market, legal advice and representation, business investment consulting, professional services and business advise: accounting, audit, tax planning, custom clearance, commercial court litigation, business and strategic consulting.

www.uniter.by

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Chapter 4: Leading Sectors for U.S. Export and Investment

The U.S. Embassy has no Commercial Section, which could research what agricultural and non-agricultural sectors provide the best opportunities for exports from the United States to Belarus. Nevertheless, based on the information occasionally received by the Embassy from its local business contacts and Belarusian mass media, imports of American-made second-hand cars, pharmaceuticals and new and second-hand industrial and agricultural equipment can find potentially good markets in Belarus.

Web Resources

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Belarusian government agencies

<http://www.mfa.gov.by/eng/index.php?id=2&d=contacts/links>

Exhibitions in Belarus

BELEXPO – Exhibitions

www.belexpo.by

MINSKEXPO - Exhibition company

www.minskexpo.com.by

International exhibitions in the Republic of Belarus

www.tc.by

Green Expo - exhibition

<http://www.greenexpo.by/>

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Import Tariffs

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While the scale of import tariffs in Belarus varies from 5 to 50%, the average import tariff is 15%. See the list of import tariffs in web resources below. The import tariffs were established by the Resolution of the Council of Ministers № 865 of June 28, 2002. The system of import tariffs includes

- advalorem - added on in percentage terms to the customs value of taxable goods;
- specific - charged in fixed rates per unit of taxable goods;
- combined - comprising both types of customs registration.

All calculations of imported duties are based on the customs costs (CIF).

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Belarus has no special trade barriers (tariff and non-tariff) for U.S. exporters. In January 2006 the President of Belarus signed edict #57, which allows the Belarusian government to apply non-tariff measures in foreign trade only with prior approval of the President.

For more on Belarus' tariff and non-tariff foreign trade policies see the website of Belarus' Foreign Ministry below.

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In April 2002 Belarus' State Customs Committee issued a resolution governing temporary entry of goods to Belarus. Temporary entry includes goods brought into the country for industrial and commercial purposes. Such regime cannot be applied to food products, tobacco, clothing, footwear, or industrial waste. Temporary entry cannot exceed six months for goods brought to trade shows, as samples of products, goods brought for testing, CD's, etc. Temporary entry cannot exceed twelve months for radio, television and cinematographic equipment, equipment and materials for scientific research and education, goods and equipment brought for sports competition. Temporary entry cannot exceed two years for all other goods. Such goods (when in Belarus) are under control of the Customs Committee. For more information see the Resolution of the State Customs Committee # 22, dated April 8, 2002.

Labeling and Marking Requirements

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All goods retailed in Belarus should be clearly labeled in one of the state languages, Russian or Belarusian.

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The list of prohibited imports includes weapons and ammunition, narcotics, and photographs and printed matter directed against Belarus (in practice this means political material). The list of restricted imports includes alcoholic drinks, tobacco and some other products.

Customs Regulations and Contact Information

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The list of major laws governing the activities of the State Customs Committee of Belarus includes the Customs Code (enacted in July 1998) and the law on customs duty (enacted in January 1998). Under the Customs Code the Customs Committee issues customs regulations that are mandatory to all legal entities and individuals crossing the Belarusian border.

Customs regulations establish the procedure of determining the country of origin, verifying the customs cost and classification of the cleared goods, as well as levying VAT on imported goods.

Declaration of imported or exported goods for the purposes of customs clearance is the responsibility of the owner of the goods or a customs agent. Such agent is a legal entity

of Belarus licensed by the State Customs Committee. Before the customs declaration is submitted an owner or an agent can under customs control inspect, measure and take samples of the shipped product. For more information on customs regulations please see the following link. <http://gtk.gov.by/index.php?ch=391>

Address and contact information of the State Customs Committee of Belarus:

Belarus, 220007, Minsk, Mogilevskaya 45/1
Phone: +375 (17) 218-90-00
Fax: +375 (17) 218-91-97
<http://gtk.gov.by/>
Mr. Alexander Shpilevsky, Chairman

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For complete information on standards and certification in Belarus, please see the website of the Committee for Standardization, Metrology and Certification under the Council of Ministers of the Republic of Belarus. http://gosstandart.gov.by/index_en.htm

Contact information:

Mr. Valery N. Koreshkov, Chairman
Belarus, 220053, Minsk, 93 Starovilensky Tract
Phone# + 375 (17) 233-52-13
Fax# + 375 (17) 233-25-88
e-mail: belst@anitex.by

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Import tariffs

<http://www.mfa.gov.by/eng/index.php?id=1&d=economic/trade>

<http://www.mfa.gov.by/rus/index.php?id=1&d=economic/trade>

Tariff and non-tariff regulations in Belarus' foreign trade

<http://www.mfa.gov.by/eng/index.php?id=1&d=economic/trade>

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A. General government attitude toward foreign investment.

The GOB officially welcomes foreign investment, which is seen as a source of much-needed hard currency. The factors that attract foreign businessmen to Belarus include good geographical position, fairly stable economic and political situation, a well-developed infrastructure and highly qualified labor force. The country has practically the same per capita volume of direct foreign investments as most CIS states - \$217. The share of foreign investments in the total amount of investments in the Belarusian economy is 3-5% at the maximum.

Still, both central and local governments' policies sometimes seem to reflect a distrust and discrimination of private enterprise and profit and are therefore not always conducive to a favorable business climate. Before 2005 the government frequently changed legislation, with the new rules sometimes applied retroactively, to the detriment of private business. The government is also engaged in a process of renationalizing previously state-owned companies, usually offering little or no compensation to the private owners. It should be noted, however, that such discrimination equally applies to private businesses with and without foreign investment. The government of Belarus openly states that it wants to maintain tight control over all economic activity in Belarus. While speaking to Russian journalists in November 2005, Belarusian president Alexander Lukashenko said that foreign investment may only be made in those projects that receive approval of the government. "As for foreign investors, who like cockroaches penetrate every hole and crack, we decided clearly many years ago – both privatization and foreign investment projects are only possible through approval of the government." This policy is allegedly intended to safeguard national interests.

In light of the uncertainties of doing business in Belarus, potential investors should carefully evaluate all potential risks.

B. Major laws/rules affecting foreign investment

The Investment Code of the Republic of Belarus, passed on June 22, 2003, is the major Belarusian law affecting all forms of investment activities. The list of such activities

includes acquisition of assets, stocks, intellectual property rights, concessions and greenfield creation of a business.

C. Economic or industrial strategy that discriminates against foreign-owned investors

There is no particular discrimination against foreign investors in Belarus at the initial or any later stages. They previously received benefits and exemptions that domestic investors did not receive. However, in 2005 the Investment Code was amended, depriving foreign investors of significant tax benefits provided at the initial stage of their investment in Belarus. The tax regime for businesses with and without foreign investments is now identical. While there is no formal discrimination against foreign businesses, a number of companies and foreign embassies have reported the Belarusian government discriminates against foreign firms in issuing tenders.

D. Screening of foreign investment

Foreign investments are no longer unconditionally welcome in Belarus. The government claims it works to create equal conditions for domestic and foreign investors in Belarus. Nevertheless, a senior official with the economy ministry acknowledged in 2005 that priority is given to domestic investors. He also stressed that Belarus seeks to draw strategic investments to the industrial sector. A foreign investor "has to persuade the government that the project is necessary for the country and people." In practice, foreign investments are screened and allowed only on a case by case basis. Major criteria used by local government for screening include the number of created jobs, scope of financial investment, potential competition with existing domestic producer(s), etc.

While under the law there are no unconditional requirements on the local content, workforce, exports, etc., the government commonly imposes them on foreign investors.

E. Major sectors in which foreign investors are denied national treatment or MFN treatment

The Embassy is not aware of any instances in which a foreign investor was formally denied national treatment or MFN treatment. However, as noted above, the president has made public statements against foreign investment in some sectors. It should also be noted that the most profitable business areas in Belarus (e.g. crude oil, tobacco, alcohol, etc.) have been gradually taken over by businesses connected to the Presidential Administration. Again, in this sense, other private businesses, domestic and foreign alike, face the same discrimination.

F. Treatment of foreign investors in connection with privatization programs.

The Embassy has not received any complaints of discrimination against foreign investors in connection with privatization. Under the law, foreign investors (businesses and individuals) enjoy the same rights as their Belarusian counterparts in privatization.

Foreign investors are invited to participate in privatization of oil refineries, large chemical enterprises and other large-scale entities. However, this process virtually halted due to unrealistic price quotes of the Belarusian government. Moreover, the GOB insists on maintaining control over large-scale industries after they are privatized and reserves the

right to use “golden share” provisions (which give the government the legal right to take control of any company in which it at any time owned even one share. In practice, the government has used the golden share to take over at least one company in which it had never owned a single share. In any dispute, the courts will side with the government). It should be noted that de-privatization has been gaining ground in Belarus over the last few years. It is not nationalization per se, but government seeks to secure majority share in many joint stock companies under flimsy pretexts. This de-privatization has been aimed at foreign and domestically owned businesses without discrimination. Belarus’ current privatization policy was clearly articulated by the Belarusian president. In August 2005 he said, “We’ve already agreed on this; we sell, including through the reorganization into a joint stock company, only what we don’t need. Or what we need but cannot cope with,”

Conversion and Transfer Policies

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There have been no reported problems with converting and transferring funds to or from Belarus. According to the National Bank of Belarus, conversion/remittance system in the country is more organized and streamlined than in many other countries of the former USSR.

Expropriation and Compensation

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Expropriation of private property, though not common, does happen in Belarus occasionally. In most cases such acts are not anti-foreign, i.e. foreign and domestic assets alike are subject to expropriation, sometimes to the benefit of businesses under the Presidential Administration. Most profitable “independent” businessmen are often forced out of business through commonly employed bureaucratic methods, e.g. licensing, golden share, etc.

There have been instances of confiscation/nationalization of business property as a penalty for some violations of law. It is widely believed that such penalty is too harsh and not proportional to damage caused. Under the Investment Code, fair compensation for the nationalized/expropriated property should be offered. Nevertheless, the Embassy has received no reports of fair compensation being paid, since the government when nationalizing/expropriating property refers to breaches of business law and, consequently, offers no compensation.

Dispute Settlement

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The judiciary is not independent from the executive and therefore cannot always provide a reliable and impartial mechanism for resolving disputes.

The tax authorities have the power to seize money from bank accounts based on their unilateral determination that taxes are due.

Belarus’ bankruptcy law was passed in 1991 and significantly amended in 2001 and 2003. Nevertheless, independent observers note that many state enterprises operate at a significant loss, but bankruptcy proceedings are seldom contemplated.

Belarus is a member of the International Center for the Settlement of Investment Disputes (ICSID) (also known as the Washington Convention). It is also a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards. In principle, the government of Belarus accepts binding international arbitration of investment disputes between foreign investors and the state, although the Embassy is not aware of any cases where this has been put to the test.

Performance Requirements and Incentives

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In private projects, there is no limitation on foreign content. In public projects the share of foreign investment normally cannot exceed 49%.

According to the Belarus Investment code, foreign investment is prohibited in areas affecting the defense and security of the country, unless the president decides otherwise. It is also prohibited in the manufacturing and sale of narcotic and toxic substances, per the list established by the Ministry of Health.

In 2005 enterprises with foreign investment lost substantial VAT, customs, and income tax privileges. Belarusian parliament changed the Investment Code accordingly to make conditions for foreign and domestic investors equal.

The Investment Code still provides that any changes in the governing legislation may not be applied so as to adversely affect foreign enterprises for a period of five years following the date of registration as a foreign enterprise. In reality, however, this five-year provision is not consistently applied, and the investment picture is clouded by the frequent and unexpected issuance of Presidential decrees and edicts changing the regulatory scheme.

The Belarusian government sometimes provides additional benefits ad hoc, particularly to major "big name" investors.

The government has imposed explicit local purchase requirements. Depending on the sector of the economy, retailers should sell 30 to 80% locally manufactured products. For example, the amount of locally produced food sold by retailers should be no less than 82%. The content of mandatory retailing of Belarusian-made consumer products amounts to 70%.

To the Embassy's knowledge, U.S. and other foreign firms are able to participate in government financed and/or subsidized research and development programs, though there were reports that preference is given to businesses with a considerable state share. (e.g. According to the local office of the International Financial Corporation, Priorbank (60% owned by Austrian Raiffeisen bank) occasionally experiences such discrimination.)

To date, there have been no discriminatory or excessively onerous visa, residence or work permit requirements inhibiting foreign investors, nor have there been restrictions placed on the numbers or duration of employment of foreign managers brought in to supervise foreign investment projects.

The GOB has an announced policy of import substitution and actively encourages state-owned and private businesses to use locally made goods and services. The GOB also has onerous non-tariff trade barriers, e.g. excessive number of licenses/clearances that businesses have to secure, etc.

Right to Private Ownership and Establishment

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The Belarusian Constitution proclaims the equality of private and public enterprises. In theory, both foreign and domestic business enterprises may establish and engage in most forms of remunerative activity. In practice, however, unexpected and intrusive government policies make it difficult to exercise this right. Private businesses are often disadvantaged against their public counterparts. For example, tax exemptions and benefits are provided usually to fully state-owned businesses or joint stocks with government share.

Disputes and problems that arise over foreign investors' activities in Belarus are not different from those experienced by local businesses.

Speaking to Russian journalists in November 2005, the Belarusian president articulated the following: "The private entrepreneur cares little about the state and people. He cares more about his income. Government should not ignore this, especially in cases when private property results from privatization. I welcome property created at the expense of entrepreneur's own labor, rather than through the purchase of business from a state for \$1 million. Then, billions of dollars are earned over ten years and the business is sold back to the state for \$10-15 billions. I am against such tricks with property and against such private property".

In accordance with the Belarusian law, in exclusive state ownership are the following items:

- munitions;
- objects of defense infrastructure including civil defense;
- facilities producing, storing and selling narcotic and psychotropic substances, as well as organizations growing, processing and selling plants containing narcotic substances (including hemp);
- facilities producing, storing and selling drastic and poisonous substances which can pollute environment and create seats of chemical lesion of human beings, except facilities providing agrochemical services in agriculture;
- disposal of household, industrial, radioactive and chemical waste;
- extraction and processing precious metals ores, precious stones, potassium ores, radioactive and rare earth elements;
- patenting, standardization, metrology, certification, geodesy and cartography;
- pre-school education, out-of-school educational services, institutions, orphanages, boarding schools for orphans and disabled children;
- water-supply and sewage, city street lighting;
- backbone and international power grids;

- heat supply;
- natural gas supply: gas-distributing points, underground depots of liquefied gas;
- oil and oil-products pipelines;
- grain storages;
- public motor roads, bridges, overpasses, tunnels;
- railroad transportation;
- air traffic control, aerodromes of national airports and military aerodromes;
- underground and urban electric transport;
- forestry enterprises;
- water and melioration;
- production and storage of non-issued national bank notes and coins;
- production and storage of state securities;
- historical and cultural heritage (state archives, state libraries, state art galleries);
- interregional and regional stations and laboratories, posts and other organizations of the state authority on hydrometeorology, as well as laboratories and organizations of the state authority on nature resources and environmental protection;
- scientific organizations of the National Academy of Sciences and the Academy of Agrarian Sciences of Belarus;
- customs infrastructure;
- enterprises and objects of correctional labor institutions;
- cemeteries and crematoriums;
- state sanitary control;
- cryptographic equipment;
- research-production organizations of the Belarusian State Research-Production Concern of Machinery and Instruments, Belarusian State Research-Production Concern of Powder Metallurgy.

Protection of Property Rights

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Belarusian law gives land ownership rights to individuals only. Businesses cannot own land, unless they secure land ownership permission from the president of Belarus. Sales of state-owned buildings are allowed, though sales above \$60 thousand are subject to clearance of the president of the country. The procedure, like most in Belarus, is highly bureaucratic and imposes considerable time costs.

Intellectual property

Belarus is a member of the Paris Convention for the protection of industrial property, the Geneva Universal Convention, Bern Convention for the protection of literary and artistic works, WIPO copyright treaty and WIPO performances and phonograms treaty. In addition, Belarus joined the Geneva Phonogram Convention. Nevertheless, there still is no retroactive protection for works or sound recordings under Belarus' intellectual property law, which came into effect in August 1998. Belarus has amended its Criminal Code to adopt penalties for intellectual property rights violations. Nevertheless, pirated

copies of video, audio, and printed materials as well as computer software are still commonplace in Belarus. The government engages in little enforcement of its IPR laws.

Transparency of Regulatory System

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The government's regulatory policies are not fully transparent. Observers of the economic scene say that it is not so much existing laws that make foreign investors uncertain and cautious. Rather, it is the lack of respect for law, as well as lack of consistency in numerous laws, and presidential decrees and edicts. This state of affairs is exacerbated by inefficient bureaucratic procedures. The Embassy has received complaints alleging officials often give inconsistent or contradictory advice, fail to answer questions clearly, and fail to take responsibility for their actions. The time that the government in Belarus needs to issue licenses/permissions to requesting businesses is one of the longest in the former USSR.

At the same time tax laws do not normally impede investment. They have become more stable and predictable, and there were no instances of their retroactive application.

The Embassy has received no reports that labor, health, environment and safety laws have impeded investment.

Draft laws are seldom discussed publicly before being adopted. Independent observers note that the system of book keeping in Belarus is not completely consistent with international standards.

Belarus is a signatory of the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards - the "New York" Convention. Under the Convention Belarus recognizes and enforces awards made in other States, subject to specific limited exceptions.

Efficient Capital Markets and Portfolio Investment

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Economic policies of the Belarusian government are not always conducive to free movement of financial resources.

Private businesses have access to a variety of credit instruments, though barriers are high. The time and cost of preparing all necessary paperwork often makes it worthless for small and medium businesspeople to try to secure many of existing credit instruments.

There is a legal system for portfolio investment, though the level of such investment is low primarily because Belarus does not have a developed or efficient capital market.

Belarus' banking system is stable and is better than in many CIS countries. According to official sources the non-payment of loans is no higher than 3-5%. Belarusian banks offer interest rates of up to 15% on deposits of individuals and issue loans to enterprises with interest rates from 14 to 16%.

Mutual shareholding is not common.

The legal, regulatory, and accounting systems used by banks are fairly consistent with international norms.

Foreign investors are able to get credit on the local market. Statistics on the total assets of the country's largest banks are fairly reliable. The banking system is considered sound though banks are not rich. The average profitability is about 3-4 percent.

Political Violence

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In Embassy's estimation, the potential for widespread politically inspired violence that would adversely affect foreign property interests is low.

Corruption

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Belarus has laws, regulations and penalties to combat corruption. While the Embassy has received credible reports of corruption, particularly at the local level, U.S. firms have not identified corruption as a particularly significant obstacle to foreign direct investment. Belarusian business representatives, particularly those involved in import and export transactions, however, complain often of pervasive corruption. The government is taking steps to amend the country's anti-corruption law to make it much harsher. The government regularly demands contributions from foreign and domestic firms alike for questionable charities, the annual harvest, and the president's election campaigns.

Belarus signed and ratified the UN Anticorruption Convention in 2004.

In December 2005 the president of Belarus endorsed the Civil Law Convention on Corruption. The convention requires state parties to introduce effective measures in civil legislation to guarantee affected people a compensation for damages resulting from corruption.

The list of major Belarusian agencies responsible for fighting corruption includes the Ministry of the Interior, the State Security Committee (KGB), the State Control Committee and the Security Council. Giving or accepting a bribe is a criminal act, penalties can be quite severe - up to 15 years of imprisonment. However, senior officials convicted of large-scale corruption can be released without penalty.

To the Embassy's knowledge, there are no local or international NGO's that help fight corruption in Belarus. The government is generally hostile to any NGO that is not explicitly pro-government.

To the Embassy's knowledge, there have been no reports that any foreign investors have been implicated in bribery schemes.

Bilateral Investment Agreements

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In January 1994, the U.S. and Belarus signed a bilateral investment treaty, which has been ratified by both sides but not implemented. Implementation is unlikely in the near future. In addition, due to continuing repression of labor rights in Belarus, the U.S. removed Belarus from the Generalized System of Preferences (GSP) in 2000.

According to the Ministry of Foreign Affairs, as of January 1, 2005, Belarus also has bilateral investment treaties with Poland, Vietnam, Finland, China, Germany, Switzerland, France, Great Britain, Sweden, the Netherlands, Romania, Iran, Italy, Turkey, Ukraine, Bulgaria, Yugoslavia, Czech Republic, Pakistan, Egypt, South Korea, Latvia, Syria, Cyprus, Tajikistan, Lithuania, Kyrgystan, Moldova, UAE, Israel, Singapore, Cuba, Libya, Qatar, Austria, Armenia, Mongolia, Lebanon, Macedonia, Croatia, Kuwait, Belgium and Luxemburg economic union, Bahrain, Jordan, Yemen, Denmark, Oman, India, Bosnia and Herzegovina. Belarus has a multilateral investment treaty with Azerbaijan, Armenia, Georgia, Kazakhstan, Kyrgystan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

The USG has discontinued negotiations on the development of a bilateral taxation treaty. Belarus has forty such agreements with other countries.

Belarus is a member of the Multilateral Investment Guarantee Agency of the World Bank.

OPIC and Other Investment Insurance Programs

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In 1997, OPIC paid an expropriation claim filed by an American investor in a joint defense-conversion venture in Belarus, after the government nationalized the company without compensation. Shortly thereafter OPIC suspended underwriting insurance in Belarus, until the government provides reimbursement for this claim.

Labor

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Belarus has a highly skilled and well-educated work force, due to its good system of higher and specialized education. Wages are much lower than in Western Europe, the United States and even Russia. The government is actively raising all salaries by fiat, in public and private enterprises, unconnected to increases in productivity. The government plans to double the average wage by 2010 to \$500 a month.

Belarus' Labor Code is the major law regulating all labor issues. Joint ventures and foreign businesses anywhere in Belarus are bound by the existing Labor code. The Embassy has received no reports that the requirements of the Labor Code, per se, hinder foreign investment. State-owned industries are often overstaffed and not attractive to private investors unless the private investor can make personnel cutbacks. The GOB, however, is reluctant to allow private investors to make these cutbacks.

In July 2000, President Clinton signed a proclamation withdrawing benefits under the Generalized System of Preferences (GSP) from Belarus. This decision was based on a 1997 American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) petition to the United States Trade Representative (USTR), which requested that the United States remove Belarus from GSP. The petition alleged that Belarus was not acting in accordance with the Trade Act of 1974, as amended, regarding internationally recognized worker rights. These include the freedom to form independent trade unions and the right to organize and bargain collectively. The rights of independent trade unions are often subject to government attack, as documented in the Department of State's 2004 Human Rights Report.

In November 1998, President Lukashenko signed a law on free economic zones (FEZ) in Belarus. The first such zone was established, before the adoption of the law, in the city of Brest. At present, each of Belarus' six regions has its own free economic zone.

The tax and regulatory scheme applicable to businesses in these zones is, in principle, much simpler and more rational than elsewhere in Belarus. Significant tax benefits for businesses registered and operating inside the zones include, among others, import tariff and VAT exemptions and reduced income tax (50% and more). In October 2005 the president of Belarus signed an edict that established uniform rules for all FEZ. In order to avoid unfair competition of FEZ businesses with the ones outside the zones, the edict made all benefits contingent upon two major conditions – exporting products manufactured in FEZ outside Belarus and/or selling them inside Belarus, unless there is competition with local producers. This is intended to make the country less dependent on imports.

There is no information on direct Belarusian investment abroad, although small and medium-sized Belarusian businesses often invest in neighboring countries. One of the reasons is to safeguard their assets from seizure by their government.

The share of foreign investments in Belarus in the total amount of investments in the Belarusian economy is 3-5% at the maximum.

Official Belarusian government statistics are increasingly reliable. The figures below were drawn from statistics provided by the GOB.

Over the period of 1994 through 2004 Belarus attracted more than \$5 billion in foreign investment and loans. In 2003 the total number of foreign investment was \$1.3 billion of which direct was \$674.5 million. In 2004 total foreign investment was more than \$1.5 billion, of which direct investment was \$859 million.

The list of countries whose businesses invest in Belarus includes Russia, Switzerland, Austria, Germany, the Netherlands, the UK, Latvia, the USA, Cyprus and the Virgin Islands. Many of these investments have Belarusian origins and come from off-shores in some of these countries.

As of January 1, 2005 Belarus had 3457 businesses with foreign investment, of which 1841 were joint ventures, 1616 were one hundred percent foreign-owned.

Foreign direct investment in charter funds of joint ventures and hundred percent foreign enterprises is more than \$723.4 million dollars.

The list of major investors includes:

U.S:

- Coca-Cola Beverages Belorussia – bottler of Coca-Cola;
- Foreign enterprise McDonald's – five restaurants in the capital city of Minsk;

- Double Star International Ltd – production of confectionary;
- Detroit-Belarus Brewing Company

International:

- Vicos Nahrungsmittel GMBH (Germany) - production of confectionary;
- Maersk Medical A/S (Denmark) – production of syringes;
- SB Telecom (Cyprus) – GSM communications;
- MTS - GSM communications;
- Karl Zeiss (Germany) – production of optics;
- Fresenius Beteiligungsgesellschaft GMBH (Germany) – production of medical equipment;
- Raiffeisenbank (Austria) – banking services;
- Fenox Automotive GMBH (Germany) – production of replacement parts for automobiles.

Web Resources

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<http://www.mfa.gov.by/eng/index.php?d=economic/investment&id=24>
<http://www.belarusembassy.org/economic/investments/investments.htm>
<http://www.nbrb.by/engl/>

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)

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All regular methods of payment common throughout the world are generally used in Belarus.

How Does the Banking System Operate

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Belarus' banking system is stable and is better than in many CIS countries. At times Belarusian banks face liquidity problems. This sector claims to welcome strong foreign partners, however there are limitations on opening branches of foreign banks in the country. Most Belarusian banks are fully or partially state-owned. Banking activities have become more liberal and closer to world standards than in the 1990's and they do not impede business cooperation.

Foreign-Exchange Controls

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Exchange rate of the Belarusian ruble to foreign currencies is established by the National Bank of Belarus with due account of the results of trading sessions at the Belarusian Interbank Currency and Stock Exchange. In practice, the National Bank has unofficially pegged the Belarusian ruble to the U.S. dollar, although there are doubts as to how long this can be maintained before the ruble must be depreciated. Belarusian exporters have to sell up to 30% of their hard currency income at the Belarusian Interbank Currency and Stock Exchange.

U.S. Banks and Local Correspondent Banks

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There are no U.S. banks in Belarus.

Project Financing

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Project financing instruments provided by the U.S. government e.g. Export-Import Bank of the United States, Overseas Private Investment Corporation (OPIC) are not available in Belarus. For reasoning see [OPIC and Other Investment Insurance Programs](#) in Chapter 6. Nevertheless, the International Financial Corporation (IFC), a member of the World Bank Group, as well as foreign and local banks provide project financing.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/c/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

European Bank of Reconstruction and Development: <http://www.ebrd.com>

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Chapter 8: Business Travel

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Business Customs

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Business customs in Belarus are generally identical to those in Russia.

Like in Russia, obtaining an appointment can be difficult, so persistence and patience are essential. Appointments should be scheduled far in advance and, if possible, confirmed.

Scheduling a business trip to Belarus in July and August may not be a good idea, because this is the time of the year many people take their vacations.

An old Russian proverb says - "People meet you depending on how you're dressed and they say good bye depending on how wise you seem." Belarusian businesspeople pay a lot of attention to how they and their potential partners are dressed. Casual wear is unacceptable at business meetings.

Travel Advisory

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Travelers entering Belarus by air with more than 50 kilograms of luggage (110 pounds) will be charged Euro 2 per kilogram in excess of that limit. The fee must be paid in dollars or Euros. Travelers should declare all electrical and electronic equipment or devices upon entry; failure to do so will require the traveler to pay up to 30 percent customs duty on these items upon departure. Travelers should complete two customs declarations at the time of entry and should retain one copy and produce it at the time of exit in order to prove that items were not acquired while in Belarus.

Belarus requires all foreign nationals (other than accredited diplomats) entering the country to purchase medical insurance at the port-of-entry regardless of any other insurance they might have. Costs for this insurance will vary according to the length of stay. (Subject to change, current information puts costs at \$1.00 for a one-or two-day stay, \$15.00 for a stay up to 30-31 days, and \$85.00 for a stay of one year.) A presidential decree adopted in June 2005 requires citizens of foreign countries to pay a one-time fee when entering/exiting Belarus. The entry/exit tax currently amounts to approximately \$3.00 per person. Travelers should receive a receipt and produce this

document at the request of Border Control Officers at border crossing points. Diplomats and their family members, as well as members of official delegations and representatives of international organizations, are exempt from the duty.

U.S. citizens traveling through Belarus to other countries are strongly reminded that there is a transit visa requirement for entering and leaving Belarus. Transit visas should be obtained prior to any journey that requires travel through Belarus. Commonwealth of Independent States (CIS) and Russian visas are no substitute for this transit visa. Most travel agencies, including those in Russia and CIS countries as well as train ticket sales personnel, are often not aware of this visa requirement and may not seek a transit visa for a traveler unless instructed by the traveler to do so. U.S. citizens traveling to Belarus via Russia are reminded that they must possess a Russian transit visa in addition to their Belarusian visa. The Russian Embassy generally does not issue transit or tourist visas to Americans in Belarus.

U.S. citizens attempting to transit Belarus without a valid Belarusian transit visa have been denied entry into the country and forcibly removed from trains. In some instances, local border and train authorities have threatened passengers who did not possess a valid transit visa with jail or extorted "fines." American citizens are advised not to pay any border or train officials for transit visas or "transit visa fines" as these officials are not authorized to issue such visas. Americans finding themselves in Belarus without transit visas should, if confronted by border or train personnel, demand to be put in contact with consular officials at the U.S. Embassy in Minsk. Travelers who enter and then leave Belarus in a private vehicle at two different points are often required to pay a "green" tax, or ecology tax, which is levied by the regional authorities.

In addition to the above, the Belarusian government sometimes enforces a requirement for special permits to travel in "protected border zones." The Government of Belarus has not provided information defining the parameters of those zones. Travelers should be alert for warning signs, road barriers, and/or border guard posts, and are advised not to cross into such areas without permission.

For Customs Information see http://travel.state.gov/travel/cis_pa_tw/cis/cis_1468.html.

Visa Requirements

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A passport and visa are required. A visa must be obtained before entering Belarus. Travelers who do not have a visa cannot register at hotels. U.S. citizens residing in Belarus are required to register with the local office of visas and registration (OVIR) within three working days after arrival. Failure to do so can result in fines and visits from local law enforcement authorities. U.S. citizens staying in hotels are automatically registered at check-in. Visa validity dates are strictly enforced; travelers should request sufficient time to allow for delays in arrival and departure.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

For the most current visa information, contact the Embassy of Belarus at 1619 New Hampshire Avenue, N.W., Washington, DC 20009, tel. 202-986-1606, fax: 202-986-1805, email: consul@belarusembassy.org, or visit the Embassy web site at <http://www.belarusembassy.org/>.

Telecommunications

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Telecommunication services are fairly reliable in Belarus. The Belarusian Ministry of Communications pursues a “socially-oriented” policy. Its priorities are: extension of fixed-line telephony in rural regions and low tariffs. The state - owned Beltelecom holds a monopoly as the only provider of fixed line telephony services in Belarus. Being a monopolist, Beltelecom keeps prices for international calls very high.

At present, there are three GSM mobile phone services providers in Belarus and one CDMA-450 mobile phone services provider. Internet access is readily available, though mostly consists of slow dial-up connections. High speed internet is available in some areas.

Beltelecom is active in the Internet access services market, providing such services as dial-up access (analogous and ISDN) and digital dedicated lines access. In February 2002 Beltelecom launched an IP-telephony service, but licenses for secondary providers forbid IP telephony services. Old analog PBX's are being extensively replaced by digital ones throughout the country and the quality of regular telephone lines is improving.

Transportation

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While in a foreign country, U.S. citizens may encounter road conditions that differ significantly from those in the United States. The information below concerning Belarus is provided for general reference only, and may not be totally accurate in a particular location or circumstance.

Individual U.S. state drivers' licenses are not recognized in Belarus unless accompanied by an international drivers' license. When U.S. state licenses are used in conjunction with an international drivers' license, U.S. citizens may drive in Belarus for up to three months. U.S. citizens should, therefore, always carry with them their passports to prove date of entry into the country in the event that police stop them. After residing in Belarus for three months, one may apply for a local driver's license. Drivers will be required to successfully complete a two-part test in Russian. The first part is a computer-based multiple-choice test on local driving rules. The second part of the test is a driving test. To receive a local driver's license, drivers will also need to complete a medical exam at a special medical clinic, which will include a general physical, a chest x-ray, and an eye exam.

Driving with caution is urged at all times. Radio dispatched taxi services are generally reliable, arrive promptly once called and usually offer the lowest fare. Most radio-dispatched taxis are metered, although fares can vary greatly and are considerably higher in the late evening and overnight hours. Unmetered taxis and private autos are also available; however, using such taxis is not recommended, as they are often more expensive for foreigners and less safe. In the event a traveler must use such a taxi, he or she should not travel alone and should agree to the price of the trip before getting into the vehicle.

Minsk has a clean, safe, and efficient subway system that easily reaches most of the city's core. Service is stopped briefly during the early morning hours, but otherwise runs regularly throughout the day. Ticket prices are extremely low by western standards. Though their routes are extensive, buses and trolleys lack cooling capabilities and are usually crowded.

Travelers on all public transportation should be wary of pickpockets and other petty crime. For travelers interested in car rental, only AVIS currently operates in Minsk. In general, rental car networks in Belarus are not well developed.

Travelers may experience significant delays (of several hours) in crossing the border by road into neighboring countries.

[Please refer to our Road Safety page for more information](#) at http://travel.state.gov/travel/tips/safety/safety_1179.html or visit the website of the Republic of Belarus National Tourism Agency at <http://www.touragency.by/>.

AVIATION SAFETY OVERSIGHT: As there is no direct commercial air service between the United States and Belarus, the U.S. Federal Aviation Administration (FAA) has not assessed Belarus' Civil Aviation Authority for compliance with ICAO international aviation safety standards. For more information, travelers may visit the FAA's Internet web site at http://www.faa.gov/safety/programs_initiatives/oversight/iasa.

SPECIAL CIRCUMSTANCES: Traveler's checks are not widely accepted in Belarus. Most hotels accept either American Express or Visa credit cards. In addition, one hotel in Minsk, "Planeta," provides cash from Visa credit cards during business hours. Travelers face arrest if they attempt to buy items with currency other than Belarusian rubles. Authorized currency exchange centers are widely available throughout major cities. ATMs are also available for use. Travelers should be aware that there is a high incidence of credit card fraud in Belarus. If they choose to use credit cards, they should regularly check their account status to ensure its integrity.

Language

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Both Belarusian and Russian are official languages. Russian is widely spoken throughout the country, particularly in the cities. Many business people in Belarus speak English or some other European language.

Health

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Medical care in Belarus is limited. Basic medical supplies, including anesthetics, vaccines and antibiotics are not always readily available. Elderly travelers and those with existing health problems may be at risk due to inadequate medical facilities. Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's Internet site at <http://www.cdc.gov/travel>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith>.

The U.S. Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as a medical evacuation. Please see the information on medical insurance overseas at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

Local Time, Business Hours, and Holidays

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Standard time zone: UTC/GMT +2 hours. Regular business hours: 9:00 - 18:00. The list of Belarusian holidays includes:

New Year	January 1
Orthodox Christmas	January 7
Orthodox New Year	January 14
International Women's Day	March 8
Constitution Day	March 15
International Labor Day	May 1
Victory Day	May 9
Independence Day	July 3
Catholic Christmas	December 25
Catholic Easter	Movable
Orthodox Easter	Movable
Radunitsa	First Tuesday after Orthodox Easter
Commemoration Day	9 days after Orthodox Easter

Temporary Entry of Materials and Personal Belongings

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For detailed information on entry of materials and personal belonging to Belarus please see the link of the State Customs Committee of Belarus.

<http://gtk.gov.by/index.php?ch=399>

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Chapter 9: Guide to Our Services

The U.S. Commercial Service terminated its operations in Belarus in August 2002. Nevertheless, the U.S. Embassy in Minsk tries to provide information support to interested U.S. businesses to the extent possible. For more information please see the U.S. Embassy's website. www.usembassy.minsk.by or contact the Political/Economic Section of the Embassy semenovdv@state.gov

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

INFORMATION RESOURCES OF THE REPUBLIC OF BELARUS

FREE ECONOMIC ZONES

Minsk
www.fezminsk.by

Brest
www.fezbrest.com

Vitebsk
www.fez-vitebsk.com

Grodno invest
www.invest.grodno.by

Gomel-Raton
www.gomelraton.com

Mogilev
www.region.mogilev.by

Government agencies

Official site of state bodies of the Republic of Belarus
www.main.gov.by

Presidential Administration of the Republic of Belarus
www.president.gov.by

Council of the Republic of the National Assembly of the Republic of Belarus
www.sovrep.gov.by

Chamber of Representatives of the National Assembly of the Republic of Belarus
www.house.gov.by

Council of Ministers Official Site of the Government of Belarus
www.government.by

Constitutional Court of the Republic of Belarus
<http://ncpi.gov.by/constsud/>

Supreme Economic Court of the Republic of Belarus
www.court.by

The National Bank of the Republic of Belarus
www.nbrb.by

Ministry of architecture and construction of the Republic of Belarus
www.minstroyarch.gov.by

Ministry of Internal Affairs of the Republic of Belarus
<http://mvd-belarus.nsys.by/>

Ministry of Health of the Republic of Belarus
www.minzdrav.by

MFA Ministry of Foreign Affairs of the Republic of Belarus
www.mfa.gov.by

Ministry of Information of the Republic of Belarus
www.mininform.gov.by

Ministry of Culture of the Republic of Belarus
www.kultura.by

Ministry of Defense of the Republic of Belarus
www.mod.mil.by

Ministry of Education of the Republic of Belarus
www.minedu.unibel.by

Ministry of Taxes and Collection of the Republic of Belarus
www.nalog.by

Ministry of Rescue of the Republic of Belarus
www.rescue01.gov.by

Ministry of Natural Resources and Environmental Protection of the Republic of Belarus
www.minpriroda.by

Ministry of Posts and Telecommunications of the Republic of Belarus
www.mpt.gov.by

Ministry of Agriculture and Food of the Republic of Belarus
<http://mshp.minsk.by/>

Ministry of Sport and Tourism of the Republic of Belarus
www.mst.by

Ministry of Statistics and Analysis of the Republic of Belarus
<http://www.president.gov.by/Minstat/>

Ministry of Transportation and Communications of the Republic of Belarus
www.mintrans.by

Ministry of Finances of the Republic of Belarus
<http://ncpi.gov.by/minfin>

Ministry of Economy of the Republic of Belarus
www.economy.gov.by

Ministry of Justice of the Republic of Belarus
<http://ncpi.gov.by/minjust/>

Official Site of Minsk City Executive Committee
www.minsk.gov.by

Official Site of Vitebsk Region Administration
www.regadmin.vitebsk.by

Official Site of Mogilev Region Administration
www.region.mogilev.by

Official Site of Gomel Region Executive Committee
<http://gomel-region.gov.by/>

Official Site of Grodno Region Administration
www.region.grodno.by

REPRESENTATIONS OF INTERNATIONAL ORGANISATIONS

United Nations Office in Belarus
www.un.minsk.by

World Bank in Belarus
www.worldbank.org.by

Chamber of Commerce and Industry of Belarus
<http://www.cci.by>

International Financial Corporation in Belarus
<http://ifcln1.ifc.org/ifcext/ceu.nsf/Content/Belarus/>

Executive Committee of the Commonwealth of the Independent States
www.cis.minsk.by

OTHER BUSINESS RESOURCES

Business Belarus - Information Directory
www.b2b.by

Infoline 085 - Phone directory
www.085.by

A-Zimut - professional directory of IT companies
www.azimut.by

IT in Belarus
s.net www.it-belaru

Belarusian Export
www.export.by

Council of Entrepreneurship Development in the Republic of Belarus
www.sovpr.org

National Internet portal of judicial information of the Republic of Belarus
www.pravo.by

National center for judicial information of the Republic of Belarus
<http://ncpi.gov.by/>

BELEXPO – Exhibitions
www.belexpo.by

MINSKEXPO - Exhibition company
www.minskexpo.com.by

International exhibitions in the Republic of Belarus
www.tc.by

Green Expo - exhibition
<http://www.greenexpo.by/>

MISCELLANEOUS

Belavia national air company

www.belavia.by

Belarusian railway
www.rw.by

National Airport
www.airport.by

All Hotels of Belarus
www.belarustravel.by
<http://hotels.by.com/>

Weather in Belarus
www.meteo.by

Maps of all regions and cities of the Republic of Belarus
www.emaps-online.com

Map of Minsk
www.kartaminska.by.ru

Press portfolio of Belarus
<http://photo.bymedia.net/>

Belarus: XXI - Photo Gallery
www.babinets.com

History of Belarus
<http://albaruthenia.by.ru/>

History of Belarus
www.hf.uib.no/Andre/Vesti/belohist.htm

Globe of Belarus - architectural sights of Belarus
<http://globus.tut.by/>

NON-PROFIT ORGANISATIONS OF THE REPUBLIC OF BELARUS

Information portal of Non-governmental organisations
www.ngo.by

Minsk Capital Association of Entrepreneurs and Employers
www.allminsk.biz

Brest Region Association of Entrepreneurs
<http://spbo.iatp.by/>

Vitebsk Region Association of Employers and Entrepreneurs
<http://anp2003.at.tut.by/>

Mogilev Region Public Association of Entrepreneurs

www.mogilevbiz.net

Rotary Club Minsk
www.rotary.org.by

Anticrisis management corporation
www.kay.by

Belarusian public association of economic lawyers
www.lex.by

Ecotourism in Belarus
www.ruralbelarus.by